

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 02 MANILA 002359

SIPDIS

SENSITIVE

STATE FOR EAP/PMBS, INL/AAE

E.O. 12958: N/A

TAGS: PGOV KCOR KCRM ASEC RP

SUBJECT: ILLEGAL "JUETENG" LOTTERY POTENTIALLY THREATENS

ANOTHER PRESIDENT

REF: A. MANILA 2142

1B. MANILA 1506

1C. MANILA 0486

11. (SBU) SUMMARY. The illegal lottery known as "jueteng" played a prominent role in the downfall of former President Estrada, and a newly brewing scandal related to jueteng could potentially have a similar impact on the Arroyo Administration. Despite Malacanang's vows to crack down on jueteng, and the formation of a special task force to combat illegal gambling, many view jueteng as a political rather than a law enforcement problem, best solved through legalization. The Catholic Church remains adamant against legalization, however. The opposition will continue to seek leads of jueteng payoffs directly to the First Family, at least to embarrass if not topple the government. END SUMMARY.

WHAT IS JUETENG?

12. (SBU) Jueteng (from the Spanish verb *juego* "to play") is an illegal lottery similar to the "policy" and "numbers" games popular in the United States before the legalization of state lotteries. Bettors choose a two-number combination between one and 37, placing wagers with "coriadors" (collectors/runners), who visit homes, markets, food stalls, or workplaces. The coriadors return to the jueteng office, where an examiner or "revisor" enters the bets for the drawing supervised by a table manager. Inside a bottle or box-like receptacle called a "tambiol" are 37 small wooden balls about 1 centimeter in diameter; the tambiol is tilted at one end, and the first ball that rolls out into the table manager's hand is the first winning number. After the drawing of the first number, the table manager returns the wooden ball to the tambiol to draw the second number. Drawings may take place two or three times a day. Cheating can and does occur. According to sources, jueteng bosses occasionally -- or even frequently -- arrange for number combinations not heavily bet, or not bet at all.

HISTORY REPEATING ITSELF?

13. (SBU) Jueteng played a central part in the January 2001 "EDSA II" removal of President Joseph Estrada, after credible evidence surfaced linking him to kickbacks from jueteng operations. Estrada, who was indicted for plunder (a capital offense), remains under house arrest while his trial drags on. Recent press reports have connected First Gentleman Mike Arroyo, son Congressman Mikey Arroyo, and GMA's brother-in-law Congressman Ignacio "Iggy" Arroyo to payoffs from jueteng operators as well as PNP officials. The Filipino press is having a field day reporting on fresh allegations from Catholic leaders (ref a) and opposition figures, while editorials have noted that all it will take is for one credible witness -- like Governor Chavit Singsong in the Estrada case -- to go public. However, there is little enthusiasm for a new impeachment process that could constitutionally bump up Vice President Noli De Castro as President, despite a fairly widespread belief in elite circles that the Arroyos are indeed directly linked to jueteng payoffs.

POLICE & POLITICIANS PART OF THE JUETENG NATION

14. (SBU) According to the "Jueteng Nation" report by the Philippine Center for Investigative Journalism (PCIJ), jueteng is intimately intertwined in the dynamics of clan politics and political patronage. Reportedly as part of the protection racket, local Philippine National Police (PNP) officers and politicians pocket 20 to 30 percent of jueteng profits. The PCIJ report described this pattern of graft as repeated at the provincial, regional, and national levels. Recent press reports estimate that jueteng generates at least 30 billion pesos (over US\$549 million) a year.

15. (SBU) Based on anecdotal evidence, Mission law enforcement officials believe widespread corruption from jueteng permeates the PNP. The large population of rural

poor in the six central Luzon provinces of Region III is a major source for lucrative jueteng profits. Regional police officials have estimated that each small town in President Arroyo's home province in Pampanga could have as many as five betting stations, with a total daily take of US\$30,000 per town. In recent press reports, unnamed sources have accused "a relative of a top government official" (widely believed to be the First Gentlemen) of doling out PNP assignments in Central Luzon in exchange for 60 percent of the jueteng protection money paid to Luzon PNP commanders. PNP officers in these provinces reportedly also use jueteng kickbacks to lobby for equally lucrative national level commands, such as the Criminal Investigation and Detective Group (CIDG) and the Intelligence Group (IG). Many PNP Chiefs have had previous regional commands in the Central Luzon area, where many politicians and police enjoy kinship and business ties to suspected (but never convicted) jueteng bosses. Most observers believe that jueteng is now nationwide, however, not just concentrated in Luzon.

THE PREDICTABLE RESPONSE: CREATE A TASK FORCE

16. (SBU) Malacanang Palace has publicly called for a comprehensive investigation into jueteng and the recipients of its illegal largesse, regardless of where investigations may lead. The PNP announced the formation of yet another special task force to conduct "aggressive" operations against illegal gambling. "Task Force Anti-illegal Gambling Operations," headed by Chief Superintendent Ricardo Dapat from the Criminal Investigation and Detection Group (CIDG) and staffed by CIDG personnel, will focus on stamping out jueteng in central Luzon. PNP Chief Arturo Lomibao has amended the PNP's existing "three-strike" policy on jueteng to a "one-strike" version - commanders who have jurisdiction over areas that have been raided once for jueteng and illegal gambling activities will lose their assignments. Among commanders relieved in earlier Arroyo Administration anti-jueteng campaigns was PNP General Edgar Aglipay, who nonetheless quickly recovered and was appointed by President Arroyo as PNP Chief in 2003, serving until his retirement in March 2005.

PNP PRIVATELY SEES JUETENG AS A POLITICAL PROBLEM

17. (SBU) Privately, Embassy interlocutors view jueteng not as a law enforcement but as a political problem. In their view, jueteng pre-dates the arrival of the Spanish to the archipelago. The PNP does not want to waste its time, effort, and manpower in a fruitless effort to suppress illegal gambling without the genuine support of the GRP's political leadership. Even the most honest and zealous cops in the PNP expect that penalties for all but the biggest jueteng operators would be small. Due to numerous cut-outs, even a concerted investigation might never catch the people at the top, they predicted. Despite the Catholic Church's opposition to jueteng and even more so to its legalization, PNP contacts have expressed the belief that most political leaders would oppose jueteng legalization because a honest game would cut into profits that end up in the hands of politicians. Many in the PNP see legalization as a means to provide more revenue to the national and local governments, which could be used to increase pay and benefits for the PNP.

(Note: Some PNP officers regularly rely on jueteng protection money to supplement meager base salaries, which start at \$158 a month for the lowest-ranking police officer. End note). According to press reports, Budget Secretary Emilia Boncodin also would favor legalization of jueteng, both as a source of revenue as and as a means of "entertainment." Executive Secretary Eduardo Ermita, Secretary of Interior and Local Government Angelo Reyes, and

SIPDIS
Secretary of Public Works and Highways Hermogenes Ebdane (a

SIPDIS
former PNP chief) reportedly also favor legalization.

COMMENT

18. (SBU) The likelihood either of stamping out or legalizing jueteng remains low; too many powerful people benefit. The imminent risk of impeachment of President Arroyo also remains low for now, but this could change suddenly -- and with still unpredictable results -- with the emergence of a "smoking gun" or a high profile, credible witness claiming direct jueteng payoff links to GMA or her immediate family members.

MUSSOMELI